



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0198	Title:	Tax biomass generation facilities up to 25 megawatts as class 14 property
Primary Sponsor:	Lewis, Dave	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: This bill reclassifies all biomass generation facilities as class 14 property, which is taxed at 3%. Because there are no biomass generation facilities in the state, and none are being developed, this bill would not have any fiscal impact.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. This bill classifies all biomass generation facilities with up to 25 megawatts in capacity as class 14 property. The tax rate for class 14 property is 3%.
2. At this time there are no biomass generation facilities in the state, and there are no biomass generation projects being developed.
3. Because there are no biomass generation facilities and none are being developed, the tax revenue that they would generate is not included in the official revenue estimates. Changing the classification and altering the tax rate on this type of property would not have any impact on the state's estimated revenue.

Department of Environmental Quality

4. The only change to the Major Facility Siting Act is the exemption from regulation under that act of certain transmission lines extending from biomass generation facilities to the regional transmission grid.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0

Effect on County or Other Local Revenues or Expenditures:

1. If biomass generation facilities are built because of the reduced tax rate, then this bill will increase local revenue. If biomass generation facilities would have been built without this bill, then the bill will decrease local revenues.

Long-Term Impacts:

1. If biomass generation facilities would not be built without the lower tax rates of class 14 property than this bill may increase state and local property tax revenue. If biomass generation facilities would be build without the property tax incentives than this bill would reduce state and local property tax revenue.

Technical Notes:**Department of Revenue**

1. There is currently one plant designed to produce electricity from either coal or biomass. It is currently using coal, and is in class 13 property. If the facility is altered to burn biomass then it is not clear from this bill if it will be classified as class 14.

Department of Environmental Quality

2. SB 198 is effective October 1, 2009. Therefore, section 5 amends the Major Facility Siting Act effective October 1, 2009. However, section 6 provides that the bill applies to tax years beginning after December 31, 2009. The meaning of section 6 is unclear as it pertains to section 5. Section 6 should be applicable to sections 1 through 4.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date